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Registration No. 333-133007

December 10, 2007

HSBC USA INC.

Reverse Convertible Notes

PRICING SUPPLEMENT

(To the Prospectus dated April 5, 2006,

Prospectus Supplement dated October 12, 2007 and the

Product Supplement dated October 23, 2007)

Terms used in this pricing supplement are described or defined in the product supplement, prospectus supplement and prospectus. The notes offered will have the terms described in the product supplement, prospectus supplement and the prospectus. *The notes are not principal protected, and you may lose some or all of your principal.*

This pricing supplement relates to four separate note offerings. Each reference asset identified below represents a separate note offering. The purchaser of a note will acquire a security linked to a single reference asset (not a basket or index of reference assets). Although each offering relates to a reference asset, you should not construe that fact as a recommendation as to the merits of acquiring an investment linked to that reference asset or as to the suitability of an investment in the related notes. The following key terms relate to each separate notes offering:

- **Principal Amount:** \$1,000.00 per note
- **Offering Period End Date:** [December 7, 2007 at 4:00 pm, New York City time]
- **Initial Public Offering Price:** 100 per cent
- **Initial Valuation Date:** December 7, 2007
- **Issue Date:** December 12, 2007
- **Maturity Date:** 3 business days after the final valuation date. The maturity date is subject to adjustment as described in the product supplement.
- **Final Price:** The market price (as defined herein) of the reference asset on the final valuation date.
- **Interest Payment Dates:** The 12th calendar day of each month following the issue date (or, if that day is not a business day, the following business day), commencing on January 12, 2008 and ending on, and including, the maturity date.
- **Listing:** The notes will not be listed on any U.S. securities exchange or quotation system.

REFERENCE ASSET/ REFERENCE ISSUER (TICKER)	PAGE NUMBER	INTEREST RATE (PER ANNUM)	INITIAL PRICE ⁽¹⁾	BARRIER PRICE ⁽²⁾	ISSUE AMOUNT	PHYSICAL DELIVERY AMOUNT ⁽³⁾	AGENT'S DISCOUNT OR COMMISSION / TOTAL ⁽⁴⁾	PROCEEDS TO US / TOTAL	CUSIP / ISIN	FINAL VALUATION DATE ⁽⁵⁾
CITIGROUP INC. (C)	PR-6	22.00%	\$34.31	\$24.0170	\$1,199,000.00	29.1460	2.00% / \$23,980.00	98.00% / \$1,175,020.00	4042K0FL4 / US4042K0FL44	March 7, 2008
TARGET CORPORATION (TGT)	PR-7	16.70%	\$55.51	\$41.6325	\$691,000.00	18.0148	2.00% / \$13,820.00	98.00% / \$677,180.00	4042K0FM2 / US4042K0FM27	March 7, 2008

Lehman Brothers Holdings Inc. (LEH)	PR-8	14.30%	\$63.47	\$38.0820	\$1,371,000.00	15.7555	2.00% / \$27,420.00	98.00% / \$1,343,580.00	4042K0FN0 / US4042K0FN00	March 7, 2008
CISCO SYSTEMS, INC. (CSCO)	PR-9	13.50%	\$27.45	\$21.9600	\$221,000.00	36.4299	2.25% / \$4,972.50	97.75% / \$216,027.50	4042K0FP5 / US4042K0FP57	June 9, 2008

(1) The initial price represents the market price (as defined herein) of the reference asset on the initial valuation date.

(2) The barrier price for C represents the product of the initial price of C multiplied by 70.00%; the barrier price for TGT represents the product of the initial price of TGT multiplied by 75.00%; the barrier price for LEH represents the product of the initial price of LEH multiplied by 60.00%; the barrier price for CSCO represents the product of the initial price of CSCO multiplied by 80.00%;

(3) The physical delivery amount is determined by the calculation agent by dividing the principal amount of each note by the initial price of the reference asset. Any fractional shares will be paid in cash.

(4) Agent's discount may vary but will be no more than the amount listed in "Agent's Discount or Commission / Total" above.

(5) The final valuation date is subject to adjustment as described in the product supplement.

See "Risk Factors" in this pricing supplement beginning on page PR-3, in the product supplement beginning on page PS-3 and in the prospectus supplement beginning on page S-3 for a description of risks relating to an investment in the notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these notes or determined that this pricing supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The notes are not deposit liabilities of a bank and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency of the United States or any other jurisdiction.

CALCULATION OF REGISTRATION FEE

Title of Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee ⁽⁶⁾
Reverse Convertible Notes linked to C due March 12, 2008	\$1,199,000.00	\$36.81
Reverse Convertible Notes linked to TGT due March 12, 2008	\$691,000.00	\$21.21
Reverse Convertible Notes linked to LEH due March 12, 2008	\$1,371,000.00	\$42.09
Reverse Convertible Notes linked to CSCO due June 12, 2008	\$221,000.00	\$6.78

HSBC SECURITIES (USA) INC.

December 10, 2007



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GENERAL TERMS

This pricing supplement relates to four separate note offerings. Each reference asset identified on the cover page represents a separate note offering. The purchaser of a note will acquire a security linked to a single reference asset (not to a basket or index of reference assets). You may participate in any one of the notes offerings or, at your election, in more than one. We reserve the right to withdraw, cancel or modify any offering and to reject orders in whole or in part. Although each note offering relates only to a single reference asset identified on the cover page, you should not construe that fact as a recommendation of the merits of acquiring an investment linked to any of those reference assets or as to the suitability of an investment in the notes.

You should read this document together with the prospectus dated April 5, 2006, the prospectus supplement dated October 12, 2007 and the product supplement dated October 23, 2007. You should carefully consider, among other things, the matters set forth in "Risk Factors" beginning on page PR-3 of this document, PS-3 of the product supplement and page S-3 of the prospectus supplement, as the notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before you invest in the notes.

RISK FACTORS

The following highlights some, but not all, of the risk considerations relevant to investing in a note. Investing in any of the notes is not equivalent to investing directly in the relevant reference asset. We urge you to read the section "Risk Factors" beginning on page PS-3 of the product supplement and page S-3 of the prospectus supplement. As you review "Risk Factors" in the prospectus supplement, you should pay particular attention to the following sections:

- "— Risks Relating to All Note Issuances"
- "— Additional Risks Relating to Notes with an Equity Security or Equity Index as the Reference Asset"

1. The notes are not principal protected and you may lose some or all of your principal.

The principal amount of your investment is not protected and you may receive less, and possibly significantly less, than the amount you invest. You will lose some or all of your principal if both of the following are true: (a) between the initial valuation date and the final valuation date, inclusive, the market price (as defined below) of the reference asset on any day is below the barrier price and (b) the final price of the reference asset is lower than the initial price of the reference asset. A USD1,000 investment in the notes will pay USD1,000 at maturity if, and only if, either of the following is true: (a) the final price of the reference asset is equal to or greater than the initial price of the reference asset or (b) between the initial valuation date and the final valuation date, inclusive, the market price of the reference asset never falls below the barrier price on any day. If you receive the physical delivery amount at maturity, the market value of the shares of the reference asset you receive per note will be less than the principal amount of your note and may be zero. Accordingly, you may lose the entire principal amount of each note you purchase.

We cannot predict the final price of the reference asset on the final valuation date.

2. You will not participate in any appreciation in the value of the reference asset.

You will not participate in any appreciation in the value of the reference asset. If the final price of the reference asset is greater than the initial price of the reference asset, the sum of any interest payments you receive during the term of the notes and the principal payment you receive at maturity will not reflect the performance of the reference asset. Under no circumstances, regardless of the extent to which the value of the reference asset appreciates, will your return exceed the interest rate specified on the cover page. Therefore, you may earn significantly less by investing in the notes than you would have earned by investing directly in the reference asset.

3. Because the tax treatment of the notes is uncertain, the material U.S. federal income tax consequences of an investment in the notes are uncertain.

There is no direct legal authority as to the proper tax treatment of the notes, and therefore significant aspects of the tax treatment of the notes are uncertain, as to both the timing and character of any inclusion in income in respect of your note. Because of this uncertainty, we urge you to consult your tax advisor as to the tax consequences of your investment in a note. For a more complete discussion of the U.S. federal income tax consequences of your investment in a note, please see the discussion under "Certain U.S. Federal Income Tax Considerations" beginning on page PR-4 of this pricing supplement and "Certain U.S. Federal Income Tax Considerations - Certain Equity-Linked Notes - Certain Notes Treated as a Put Option and a Deposit" in the prospectus supplement.

Please note that the prospectus, prospectus supplement, product supplement and this pricing supplement do not describe all the risks of an investment in the notes. We urge you to consult your own financial and legal advisors as to the risks entailed by an investment in the notes.

4. CITIGROUP INC. recently announced significant declines in U.S. sub-prime related direct exposures in its Securities and Banking business.

On November 4, 2007, CITIGROUP INC. issued a press release announcing significant declines since September 30, 2007 in the fair value of the approximately \$55 billion in U.S. sub-prime related direct exposures in its Securities and Banking business. CITIGROUP INC. estimates that, at the present time, the reduction in revenues attributable to these declines ranges from approximately \$8 billion to \$11 billion representing a decline of approximately \$5 billion to \$7 billion in net income on an after-tax basis. For more information on CITIGROUP INC., note purchasers can access the website maintained by the SEC. The address of the SEC's website is <http://www.sec.gov>. Information provided to or filed with the SEC pursuant to the Exchange Act by the reference issuer can be located by reference to the SEC file number specified in the description of the reference asset below.

SUMMARY

Principal Payment at Maturity

Your payment at maturity for each note you hold will depend on the performance of the reference asset between the initial valuation date and the final valuation date, inclusive. You will receive the physical delivery amount if both of the following are true: (a) between the initial valuation date and the final valuation date, inclusive, the market price (as defined below) of the reference asset on any day is below the barrier price and (b) the final price of the reference asset is lower than the initial price of the reference asset. A USD1,000 investment in the notes will pay USD1,000 at maturity if, and only if, either of the following is true: (a) the final price of the reference asset is equal to or greater than the initial price of the reference asset or (b) between the initial valuation date and the final valuation date, inclusive, the market price of the reference asset never falls below the barrier price on any day. If you receive the physical delivery amount at maturity, the market value of the shares of the reference asset you receive per note will be less than the principal amount of each note and may be zero. Accordingly, you may lose the entire principal amount of your each note you purchase. Under some circumstances to be determined by and at the sole option of HSBC USA Inc., we may pay investors, in lieu of the physical delivery amount, the cash equivalent of such shares with a per share price equal to the final price. However, we currently expect to deliver the physical delivery amount and not cash in lieu of the physical delivery amount in the event the conditions described above occur.

As described in the product supplement, on any scheduled trading day on which the value of the reference asset must be calculated by the calculation agent, (i) if the relevant exchange is the NASDAQ Stock Market ("NASDAQ"), the market price of the reference asset will be the NASDAQ official closing price (NOCP) or (ii) if the NASDAQ is not the relevant exchange, the market price of the reference asset will be the official closing price of the relevant exchange, in each case as of the close of the regular trading session of such exchange and as reported in the official price determination mechanism for such exchange. If the reference asset is not listed or traded as described above for any reason other than a market disruption event, then the market price for the reference asset on any scheduled trading day will be the average, as determined by the calculation agent, of the bid prices for the reference asset obtained from as many dealers in the reference asset selected by the calculation agent as will make those bid prices available to the calculation agent. The number of dealers need not exceed three and may include the calculation agent or any of its or our affiliates.

To the extent a market disruption event exists on a day on which the final price is to be determined, the market price of the reference asset will be determined on the first following scheduled trading day on which a market disruption event does not exist with respect to the reference asset; provided that if a market disruption event exists on five consecutive scheduled trading days, that fifth scheduled trading day shall be the final valuation date, and the calculation agent shall determine the final price on such date.

In the event that the maturity date is postponed or extended as described under "Specific Terms of the Notes - Maturity Date" in the product supplement, the related payment of principal will be made on the postponed or extended maturity date.

You may lose some or all of your principal if you invest in the notes.

Physical Delivery Amount

If the payment at maturity per note is in physical shares of the reference asset, you will receive a number of shares referred to as the "physical delivery amount" (with any fractional shares to be paid in cash). The physical delivery amount will be calculated by the calculation agent by dividing the principal amount of each note by the initial price of the reference asset. The physical delivery amount, the initial price of the reference asset and other amounts may change due to corporate actions.

Interest

The notes will pay interest at the interest rate specified on the front cover of this pricing supplement, and interest payments will be made on the interest payment dates specified on the front cover of this pricing supplement. However, if the first interest payment date is less than 15 days after the date of issuance, interest will not be paid on the first interest payment date, but will be paid on the second interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. For more information, see "Description of the Notes - Fixed Rate Notes" in the prospectus supplement.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

You should carefully consider, among other things, the matters set forth under the heading "Certain U.S. Federal Income Tax Considerations" in the prospectus supplement. In the opinion of Cadwalader, Wickersham & Taft LLP, special U.S. tax counsel to us, the following discussion summarizes certain of the material U.S. federal income tax consequences of the purchase, beneficial ownership, and disposition of each of the notes.

There are no regulations, published rulings or judicial decisions addressing the characterization for U.S. federal income tax purposes of securities with terms that are substantially the same as those of the notes. Under one reasonable approach, each note should be treated for federal income tax purposes as a put option written by you (the "Put Option") that permits us to (1) sell the reference asset to you at the maturity date for an amount equal to the Deposit (as defined below), or (2) "cash settle" the Put Option (i.e., require you to pay us at the maturity date the difference between the Deposit and the value of the reference asset at such time), and a deposit with us of cash in an amount equal to the principal amount you invested (the "Deposit") to secure your potential obligation under the Put Option, as described in the prospectus supplement under the heading "Certain U.S. Federal Income Tax Considerations — Certain Equity-Linked Notes— Certain Notes Treated as a Put Option and a Deposit". We intend to treat the notes consistent with this approach. However, other reasonable approaches are possible. Pursuant to the terms of the notes, you agree to treat the notes as cash deposits and put options with respect to the reference asset for all U.S. federal income tax purposes. We also intend to treat the Deposits as "short-term obligations" for U.S. federal income tax purposes. Please see the discussion under the heading "Certain U.S. Federal Income Tax Considerations — U.S. Federal Income Tax Treatment of the Notes as Indebtedness for U.S. Federal Income Tax Purposes-Short-Term Debt Instruments" in the prospectus supplement for certain U.S. federal income tax considerations applicable to short-term obligations.

The description below of each reference asset includes a chart that indicates the yield on the Deposit and the Put Premium, as described in the prospectus supplement under the heading "Certain U.S. Federal Income Tax Considerations — Certain Equity-Linked Notes— Certain Notes Treated as a Put Option and a Deposit." If the Internal Revenue Service (the "IRS") were successful in asserting an alternative characterization for the notes, the timing and character of income on the notes might differ. We do not plan to request a ruling from the IRS regarding the tax treatment of the notes, and the IRS or a court may not agree with the tax treatment described in this pricing supplement.

REFERENCE ISSUER AND REFERENCE ASSET INFORMATION

All information on the reference assets and the reference issuers is derived from publicly available information. Companies with securities registered under the Securities Exchange Act of 1934 (the "Exchange Act") are required to file periodically certain financial and other information specified by the SEC. Information provided to or filed with the SEC electronically can be accessed through a website maintained by the SEC. The address of the SEC's website is <http://www.sec.gov>. Information provided to or filed with the SEC pursuant to the Exchange Act by a company issuing a reference asset can be located by reference to the SEC file number specified in the description of the relevant reference asset below. We make no representation that these publicly available documents are accurate or complete. For more information, we urge you to read the section "Information Regarding the Reference Asset and the Reference Asset Issuer" in the product supplement.

Historical Performance of the Reference Assets

The description below of each reference asset includes a table that sets forth the quarterly high and low intraday prices, as well as end-of-quarter closing prices, of that reference asset for each quarter in the period from January 1, 2004 through September 28, 2007 and for the period from October 1, 2007 through December 7, 2007. We obtained the data in these tables from Bloomberg Financial Service, without independent verification by us. All historical prices are denominated in USD and rounded to the nearest penny. **Historical prices of the reference assets should not be taken as an indication of future performance of the reference assets.**

HYPOTHETICAL EXAMPLES

The description below of each reference asset includes a table of hypothetical returns that is based on the assumptions outlined for each reference asset. Each table illustrates the hypothetical returns you would have earned from (i) a USD1,000 investment in the notes compared to (ii) a direct investment in the relevant reference asset (prior to the deduction of any applicable brokerage fees or charges). The hypothetical returns are rounded to the hundredth decimal place. The following is a general description of how the hypothetical returns in each table were determined:

- If the final price of the reference asset is lower than the initial price of the reference asset and the market price of the reference asset was below the barrier price on any day between the initial valuation date and the final valuation date, inclusive, you would receive the physical delivery amount (with any fractional shares to be paid in cash);
- If the final price of the reference asset is greater than or equal to the initial price of the reference asset, you would receive USD1,000 at maturity, regardless of whether the market price of the reference asset on any day was below the barrier price; or
- If the final price of the reference asset is lower than the initial price of the reference asset but the market price of the reference asset was never below the barrier price on any day between the initial valuation date and the final valuation date, inclusive, you would receive USD1,000 at maturity.

Each table of hypothetical returns is provided for illustration purposes only and is hypothetical. None purports to be representative of every possible scenario concerning increases or decreases in the price of the reference asset and the payment at maturity of the notes. We cannot predict the final price of the reference assets on the final valuation date. The assumptions we have made in connection with the illustrations set forth below may not reflect actual events. In addition, the examples assume that the reference asset has no dividend yield. You should not take these examples as an indication or assurance of the expected performance of the reference asset.

Description of CITIGROUP INC.

According to publicly available information, CITIGROUP INC. (“Citigroup”), a multi-bank holding company, provides various financial services to customers in the United States and internationally. Citigroup’s Global Consumer segment offers banking, lending, insurance, and investment services. Citigroup’s Markets and Banking segment provides various investment and commercial banking services and products, which comprise investment banking and advisory services, debt and equity trading, institutional brokerage, foreign exchange, structured products, derivatives, and lending. Citigroup’s Global Wealth Management segment provides investment advice, financial planning, and brokerage services to affluent individuals, companies, and non-profits.

Citigroup’s SEC file number is 1-9924.

Historical Performance of Citigroup

QUARTER ENDING	QUARTER HIGH	QUARTER LOW	QUARTER CLOSE
March 31, 2004	52.04	47.99	51.70
June 30, 2004	52.84	44.83	46.50
September 30, 2004	47.45	43.00	44.12
December 31, 2004	49.06	42.11	48.18
March 31, 2005	49.99	44.05	44.94
June 30, 2005	48.14	43.80	46.23
September 30, 2005	46.81	42.91	45.52
December 30, 2005	49.76	44.00	48.53
March 31, 2006	49.33	44.85	47.23
June 30, 2006	50.71	47.17	48.24
September 29, 2006	50.35	46.22	49.67
December 29, 2006	56.66	48.83	55.70
March 30, 2007	56.28	48.05	51.34
June 29, 2007	55.53	50.41	51.29
September 28, 2007	52.97	44.66	46.67
October 1, 2007 through December 7, 2007	48.77	29.65	34.31

Deposit and Put Premium

As described in the prospectus supplement under “Certain U.S. Federal Income Tax Considerations — Certain Equity-Linked Notes — Certain Notes Treated as a Put Option and a Deposit,” for purposes of dividing the 22.00 per cent per annum interest rate on the notes among interest on the Deposit and Put Premium, 4.89 per cent constitutes interest on the Deposit and 17.11 per cent constitutes Put Premium.

Hypothetical Examples

The table below demonstrates hypothetical returns at maturity based on the assumptions outlined below. The hypothetical returns are rounded to the hundredth decimal place. See “- Hypothetical Examples” above for more information.

Reference Asset:

Citigroup

Initial Price:	USD 34.31
Barrier Price:	USD 24.0170
Interest Rate:	22.00 per cent per annum
Physical Delivery Amount:	29.1460 shares (fractional shares paid in cash)
Term of Notes:	3 months
Reinvestment Rate for Note Interest:	0 per cent

Table of Hypothetical Returns

FINAL PRICE (% CHANGE)		INVESTMENT IN THE NOTES		INVESTMENT IN THE REFERENCE ASSET
+	100%	5.50%		100.00%
+	90%	5.50%		90.00%
+	80%	5.50%		80.00%
+	70%	5.50%		70.00%
+	60%	5.50%		60.00%
+	50%	5.50%		50.00%
+	40%	5.50%		40.00%
+	30%	5.50%		30.00%
+	20%	5.50%		20.00%
+	10%	5.50%		10.00%
	0%	5.50%		0.00%
		Barrier Price Ever Breached?		
		YES	NO	
-	10%	-4.50%	5.50%	-10.00%
-	20%	-14.50%	5.50%	-20.00%
-	30%	-24.50%	5.50%	-30.00%
-	40%	-34.50%	N/A	-40.00%
-	50%	-44.50%	N/A	-50.00%
-	60%	-54.50%	N/A	-60.00%
-	70%	-64.50%	N/A	-70.00%
-	80%	-74.50%	N/A	-80.00%
-	90%	-84.50%	N/A	-90.00%
-	100%	-94.50%	N/A	-100.00%

TARGET CORPORATION (TGT)

Description of TARGET CORPORATION

According to publicly available information, TARGET CORPORATION (“Target”) engages in the operation of general merchandise and food discount stores in the United States. Target offers an assortment of general merchandise, including consumables and commodities; electronics, entertainment, sporting goods, and toys; apparel and accessories; home furnishings and decor; and a line of food items. Target operates its stores under Target and SuperTarget brands. Target also serves its customers through online. Target distributes its products through a network of distribution centers and import warehouses.

Target’s SEC file number is 001-06049.

Historical Performance of Target

QUARTER ENDING	QUARTER HIGH	QUARTER LOW	QUARTER CLOSE
March 31, 2004	45.85	36.65	45.04
June 30, 2004	46.89	41.25	42.47
September 30, 2004	46.90	40.03	45.25
December 31, 2004	54.14	45.30	51.93
March 31, 2005	53.20	47.76	50.02
June 30, 2005	56.24	45.55	54.41
September 30, 2005	60.00	49.93	51.93
December 30, 2005	59.01	50.78	54.97
March 31, 2006	55.85	51.93	52.01
June 30, 2006	55.13	47.26	48.87
September 29, 2006	56.67	44.85	55.25
December 29, 2006	60.31	54.60	57.05
March 30, 2007	64.73	56.61	59.26
June 29, 2007	65.07	56.80	63.60
September 28, 2007	70.75	56.06	63.57
October 1, 2007 through December 7, 2007	68.50	50.25	55.51

Deposit and Put Premium

As described in the prospectus supplement under “Certain U.S. Federal Income Tax Considerations — Certain Equity-Linked Notes — Certain Notes Treated as a Put Option and a Deposit,” for purposes of dividing the 16.70 per cent interest rate on the notes among interest on the Deposit and Put Premium, 4.89 per cent constitutes interest on the Deposit and 11.81 per cent constitutes Put Premium.

Hypothetical Examples

The table below demonstrates hypothetical returns at maturity based on the assumptions outlined below. See “- Hypothetical Examples” above for more information.

Reference Asset: Target

Initial Price: USD 55.51

Barrier Price

USD 41.6325

Interest Rate:

16.70 per cent per annum

Physical Delivery Amount:

18.0148 shares (fractional shares paid in cash)

Term of Notes:

3 months

Reinvestment Rate for Note Interest:

0 per cent

Table of Hypothetical Returns

FINAL PRICE (% CHANGE)		INVESTMENT IN THE NOTES		INVESTMENT IN THE REFERENCE ASSET
+	100%	4.18%		100.00%
+	90%	4.18%		90.00%
+	80%	4.18%		80.00%
+	70%	4.18%		70.00%
+	60%	4.18%		60.00%
+	50%	4.18%		50.00%
+	40%	4.18%		40.00%
+	30%	4.18%		30.00%
+	20%	4.18%		20.00%
+	10%	4.18%		10.00%
	0%	4.18%		0.00%
		Barrier Price Ever Breached?		
		YES	NO	
-	10%	-5.82%	4.18%	-10%
-	20%	-15.82%	4.18%	-20%
-	30%	-25.82%	N/A	-30%
-	40%	-35.82%	N/A	-40%
-	50%	-45.82%	N/A	-50%
-	60%	-55.82%	N/A	-60%
-	70%	-65.82%	N/A	-70%
-	80%	-75.82%	N/A	-80%
-	90%	-85.82%	N/A	-90%
-	100%	-95.82%	N/A	-100%

PR-7

LEHMAN BROTHERS HOLDINGS INC. (LEH)

Description of Lehman Brothers Holdings Inc.

According to publicly available information, Lehman Brothers Holdings Inc. ("Lehman"), through its subsidiaries, provides various financial services to corporations, governments and municipalities, institutions, and high-net-worth individuals worldwide. Lehman operates in three segments: Capital Markets, Investment Banking, and Investment Management. The Capital Markets segment represents institutional customer flow activities. The Investment Banking segment provides advice to customers on mergers, acquisitions, and other financial matters. The Investment Management segment consists of private investment management, which provides brokerage services, investment, wealth advisory, and trust and capital markets execution services; and offers asset management products across traditional and alternative asset classes through various distribution channels.

Lehman's SEC file number is 001-09466.

Historical Performance of Lehman

QUARTER ENDING	QUARTER HIGH	QUARTER LOW	QUARTER CLOSE
March 31, 2004	44.86	38.47	41.44
June 30, 2004	42.12	34.83	37.63
September 30, 2004	40.42	33.63	39.86
December 31, 2004	44.65	38.21	43.74
March 31, 2005	48.47	42.71	47.08
June 30, 2005	49.96	42.96	49.64
September 30, 2005	58.97	48.97	58.24
December 30, 2005	66.58	51.87	64.09
March 31, 2006	74.79	62.92	72.27
June 30, 2006	78.85	58.38	65.15
September 29, 2006	74.64	59.25	73.86
December 29, 2006	78.88	71.08	78.12
March 30, 2007	86.18	68.07	70.07
June 29, 2007	82.05	68.60	74.52
September 28, 2007	75.50	49.06	61.73
October 1, 2007 through December 7, 2007	67.73	52.71	63.47

Deposit and Put Premium

As described in the prospectus supplement under "Certain U.S. Federal Income Tax Considerations — Certain Equity-Linked Notes— Certain Notes Treated as a Put Option and a Deposit," for purposes of dividing the 14.30 per cent per annum interest rate on the notes among interest on the Deposit and Put Premium, 4.89 per cent constitutes interest on the Deposit and 9.41 per cent constitutes Put Premium.

Hypothetical Examples

The table below demonstrates hypothetical returns at maturity based on the assumptions outlined below. The hypothetical returns are rounded to the hundredth decimal place. See "- Hypothetical Examples" above for more information.

Reference Asset:

Lehman

Initial Price:	USD 63.47
Barrier Price	USD 38.0820
Interest Rate:	14.30 per cent per annum
Physical Delivery Amount:	15.7555 shares (fractional shares paid in cash)
Term of Notes:	3 months
Reinvestment Rate for Note Interest:	0 per cent

Table of Hypothetical Returns

FINAL PRICE (% CHANGE)		INVESTMENT IN THE NOTES		INVESTMENT IN THE REFERENCE ASSET
+	100%	3.58%		100.00%
+	90%	3.58%		90.00%
+	80%	3.58%		80.00%
+	70%	3.58%		70.00%
+	60%	3.58%		60.00%
+	50%	3.58%		50.00%
+	40%	3.58%		40.00%
+	30%	3.58%		30.00%
+	20%	3.58%		20.00%
+	10%	3.58%		10.00%
	0%	3.58%		0.00%
		Barrier Price Ever Breached?		
		YES	NO	
-	10%	-6.42%	3.58%	-10.00%
-	20%	-16.42%	3.58%	-20.00%
-	30%	-26.42%	3.58%	-30.00%
-	40%	-36.42%	3.58%	-40.00%
-	50%	-46.42%	N/A	-50.00%
-	60%	-56.42%	N/A	-60.00%
-	70%	-66.42%	N/A	-70.00%
-	80%	-76.42%	N/A	-80.00%
-	90%	-86.42%	N/A	-90.00%
-	100%	-96.42%	N/A	-100.00%

Description of CISCO SYSTEMS, INC.

According to publicly available information, CISCO SYSTEMS, INC. (“Cisco”) designs, manufactures, and sells IP-based networking and other products relating to the communications and information technology industry worldwide. Cisco provides products for transporting data, voice, and video within buildings, across campuses, and around the world. Cisco offers routers, which interconnect computer networks; and switching systems, which offer connectivity to end users, workstations, and servers. Cisco also offers application networking services products; home networking products, such as voice and data modems, network cards, media adapters, Internet video cameras, and USB adapters; and hosted small-business systems, including integrated voice and data products. In addition, Cisco provides optical networking products; network security products and services; storage area networking products; Unified Communications, an integrated system that provides voice, video, data, and Web services; and video systems.

Cisco’s SEC file number is 000-18225.

Historical Performance of Cisco

QUARTER ENDING	QUARTER HIGH	QUARTER LOW	QUARTER CLOSE
March 31, 2004	29.39	21.94	23.52
June 30, 2004	24.83	20.68	23.70
September 30, 2004	23.68	17.50	18.10
December 31, 2004	20.35	17.80	19.30
March 31, 2005	19.61	17.13	17.89
June 30, 2005	20.25	17.01	19.11
September 30, 2005	20.23	17.30	17.93
December 30, 2005	18.12	16.83	17.12
March 31, 2006	22.00	17.18	21.67
June 30, 2006	22.00	19.08	19.53
September 29, 2006	23.50	17.10	23.00
December 29, 2006	27.96	22.80	27.33
March 30, 2007	28.99	24.94	25.53
June 29, 2007	28.48	25.31	27.85
September 28, 2007	33.37	27.79	33.11
October 1, 2007 through December 7, 2007	34.24	26.82	27.45

Deposit and Put Premium

As described in the prospectus supplement under “Certain U.S. Federal Income Tax Considerations — Certain Equity-Linked Notes — Certain Notes Treated as a Put Option and a Deposit,” for purposes of dividing the 13.50 per cent per annum interest rate on the notes among interest on the Deposit and Put Premium, 4.68 per cent constitutes interest on the Deposit and 8.82 per cent constitutes Put Premium.

Hypothetical Examples

The table below demonstrates hypothetical returns at maturity based on the assumptions outlined below. See “- Hypothetical Examples” above for more information.

Reference Asset:

Cisco

Initial Price:	USD 27.45
Barrier Price	USD 21.9600
Interest Rate:	13.50 per cent per annum
Physical Delivery Amount:	36.4299 shares (fractional shares paid in cash)
Term of Notes:	6 months
Reinvestment Rate for Note Interest:	0 per cent

Table of Hypothetical Returns

FINAL PRICE (% CHANGE)		INVESTMENT IN THE NOTES		INVESTMENT IN THE REFERENCE ASSET
+	100%	6.75%		100.00%
+	90%	6.75%		90.00%
+	80%	6.75%		80.00%
+	70%	6.75%		70.00%
+	60%	6.75%		60.00%
+	50%	6.75%		50.00%
+	40%	6.75%		40.00%
+	30%	6.75%		30.00%
+	20%	6.75%		20.00%
+	10%	6.75%		10.00%
	0%	6.75%		0.00%
		Barrier Price Ever Breached?		
		YES	NO	
-	10%	-3.25%	6.75%	-10.00%
-	20%	-13.25%	6.75%	-20.00%
-	30%	-23.25%	N/A	-30.00%
-	40%	-33.25%	N/A	-40.00%
-	50%	-43.25%	N/A	-50.00%
-	60%	-53.25%	N/A	-60.00%
-	70%	-63.25%	N/A	-70.00%
-	80%	-73.25%	N/A	-80.00%
-	90%	-83.25%	N/A	-90.00%
-	100%	-93.25%	N/A	-100.00%